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CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE
5 October 1961

OCI No. 3957/61

Copy No.

CURRENT INTELLIGENCE MEMORANDUM

SUBJECT: National Elections in Greece--29 October 1961.

1. Offices to be filled: All 300 seats in the Chamber of Deputies.
2. Parties participating:
 - a. National Radical Union (ERE); moderate right-of-center party.
 - b. Center Union; non-Communist coalition of parties.
 - c. Progressive Party (KTP); small, right-wing, nationalist party.
 - d. United Democratic Left (EDA); Communist-front party.
 - e. National Agricultural Party (EAK); small, extreme leftist party. EAK was founded by and is in electoral coalition with EDA.

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State Department review completed

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4. Party strengths in Chamber of Deputies (as of 1 September 1961):

ERE	-	172
EDA and affiliates	-	68
Agrarian Liberal Union of the Democratic Center (DKAFE)	-	21*
National Regeneration Movement (KEA)	-	18**
EAK	-	6
Democratic Union (DE)	-	4*
KTP	-	3
Venizelos supporters and independents	-	7*
Vacancy	-	1
Total	-	300

* Most of these deputies joined the Center Union on 20 September 1961.

** KEA leader George Grivas released members of his party in early September. Most of them later joined the Center Union.

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5. Principal issues:

Foreign affairs: The Cyprus settlement; Greek association with the Common Market; economic burdens of defense policy; dangers of West German economic and political penetration.

Internal affairs: Unemployment in urban areas and underemployment in rural regions; continuing rise in cost of living; farmer discontent over government's price-support policies; labor policy of Karamanlis government; charges of scandal within the government; alleged government repression of the opposition.

6. Principal factors influencing the outcome:

The government party is expected to capitalize on Premier Karamanlis' personal prestige, the country's economic progress since 1955, and the issue of governmental stability. Karamanlis has held the premiership for a longer uninterrupted period than any other politician in modern Greek history. His trip to the United States in April 1961 enhanced his prestige at home, and the visit to Greece by President Kennedy's wife this summer was helpful in emphasizing the friendly personal relationship between the Greek premier and the US President.

In the past, Karamanlis' strength has been largely in the conservative rural regions. It is likely that he will continue to find widespread support here. Autumn is normally a good time for the Greek farmer, as crops are in and he has more money in his pocket than at any other time of year. The economic picture at first glance is good--particularly in light of the devastation to the country caused by World War II and the 1946-49 Greek Civil War. The currency is stable, and fiscal indicators such as Greece's gold and hard currency reserves and personal savings accounts are impressive. Karamanlis has also received political benefits from the recent successful conclusion of negotiations leading to Greek association with the Common Market.

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Yet despite the economic gains of the past six years, the standard of living remains among the lowest in Europe; there is widespread unemployment in cities and chronic underemployment in the agricultural regions. Economic progress has not been as rapid as many desire, and the benefits have accrued primarily to the middle- and upper-income classes in the urban areas. There is discontent among some farmers over the government's support price for wheat. Those Greeks living on a fixed income have been squeezed by the slow but steady increase in consumer prices.

Opposition parties--particularly EDA--can be expected to publicize alleged scandals among government leaders and will probably try to revive interest in the charges made last year by a wartime German official in Greece that certain members of the present Karamanlis regime collaborated with the Nazis. Both EDA and the non-Communist opposition leaders probably will denounce the government's role in the 1959 settlement of the Cyprus controversy--although it is questionable that there is much political mileage left in this issue.

The opposition has also complained frequently in the past of government "repression." The present caretaker government has proclaimed its intention to follow a generally impartial policy during the campaign, but subordinate security officials probably will be more tolerant of ERE activities than of those of the opposition--particularly EDA.

The recent unification of the non-Communist opposition into the Center Union is potentially of great significance. Nationalists who oppose Karamanlis now can vote for a non-Communist alternative which has an outside chance of winning. In the last elections (1958), many Greeks are believed to have cast their vote for EDA candidates in protest against both the government's policies and the failure of the "center" to unite. The major danger for the Center Union appears to be the likelihood that the many able but self-centered politicians in the party's administrative committee will find it impossible to work together, even for the brief period before elections.

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EDA, which has been the legal front for the proscribed Communist party since 1950, gained 24 percent of the popular vote in the last elections--more than double its usual figure--to become the major opposition party in Parliament. Economic discontent and--until recently--failure of the non-Communist opposition to unite had led observers to speculate that EDA might gain up to 35 percent of the vote in the next election. While this is possible, EDA has suffered two setbacks in recent weeks. It has been unable to create a coalition with the nationalist parties and thus achieve the respectability among non-Communists which such a coalition would have permitted.

In addition, the rapid deterioration in relations between Greece and the Soviet bloc probably has hurt EDA's electoral chances. The party, through its press, has appeared an apologist for the Bulgarians and Russians. The Bulgarians, who have launched bitter protests in Athens over Greek participation in recent NATO military exercises, are detested by most Greeks, who recall previous Bulgarian occupations of Greek territory. Premier Khrushchev's threat in August to destroy the Acropolis in case of war united the non-Communists in Greece as have few events in recent years. Barring a rapid improvement in relations between East and West before 29 October, EDA seems destined to lose strength because of its position on foreign policy. EDA officials have already indicated that they will concentrate on domestic issues.

One other factor which will influence the outcome is the new electoral law, passed by Parliament in June. While it was sponsored by the government and passed with all opposition parties opposed or abstaining, it includes significant concessions made by the government to the other nationalist parties. The concessions were designed to ensure the participation of these parties in the election--they had threatened to abstain--and to preclude their joining in a "popular front" with EDA.

One effect of the new law, as finally passed, will be that the government will have to increase its percentage of the popular vote over that received in 1958 if it is to win a similar

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parliamentary majority. On the positive side for the government, the law permits army and civil service personnel this time to vote where they are stationed, and both organizations are expected to give overwhelming support to the ERE. The law also provides for use of the last official census in apportioning parliamentary seats among electoral districts. As the 1961 census is not yet official, the census of 1951--and in some cases that of 1940--will be used. Both of these are believed more favorable to ERE than is the latest census.

7. Background:

National elections are required every four years, but since World War II they have normally been held oftener because of the multiplicity of political parties and resultant governmental instability. This trend was reversed in 1952 when the Greek Rally, under the late Marshal Papagos, assumed power with a large majority in the Chamber of Deputies. In the election of February 1956, the newly created National Radical Union, founded by Constantine Karamanlis and including most of the Rally, obtained 46 percent of the popular vote and 165 of the 300 seats. Karamanlis' popular vote was reduced to 41 percent in the elections of May 1958, but he captured 172 of the seats in Parliament.

Elections are not required before May 1962, but it became apparent last spring that they would probably be held this fall. In May the government introduced a new electoral law based, like the previous law, on a system of modified proportional representation. After several concessions to the opposition, the bill was passed in June. Opposition leaders were in frequent contact this summer and on 19 September the Center Union, composed of most non-Communist opposition leaders and their followers, was founded. On the following day Karamanlis submitted his government's resignation; the King appointed a nonpolitical caretaker government under the premiership of retired Lt. Gen. Constantine Dovas and announced that elections would be held on 29 October.

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8. Informed opinion on outcome:

Most observers believe Karamanlis' ERE will gain at least a large plurality, and quite possibly a majority of the seats in Parliament. There also seems to be general agreement that he will lose votes on domestic problems and gain others on his handling of foreign issues. ERE leaders appear confident that the party will secure a larger percentage of the popular vote than the 41 percent obtained in 1958. The US Embassy in Athens reported in July that even should Karamanlis win only 140 seats--which would be a loss of 32 from the 1958 figure--he could still form a government without a coalition.

Should Karamanlis be unable to form a government, he might be able to force new elections. The present electoral law provides that all elections after this one be held under a straight majority system--unlike the modified proportional representation system currently in effect. Therefore if no party obtains a governing majority in the elections, the King, who is sympathetic to Karamanlis, may call immediately for new elections. ERE spokesmen are confident that their party could win an election held under the majority system, which gives all seats in a district to the party winning a plurality of the votes in that district.

9. Significance for US security interests:

Greece is an important part of NATO's south-eastern flank, bordering Bulgaria and Albania and in an ideal position to prevent extension of Soviet control over the eastern Mediterranean. The country also guards the southern approaches to the Turkish Straits. The Soviet Union has exerted steady pressure on Greece in recent months, apparently in the belief that the nation is a weak link in the Western defense line along the southern border of the bloc.

Since 1947, Greece has received nearly \$3 billion in economic and military aid from the United States. Washington maintains a Joint US Military

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Advisory Group in Greece. Of the 5,500 US Government employees and dependents in Greece, over 90 percent are military personnel and their families.

The National Radical Union is firmly pro-West and pro-US. Most leaders of the Center Union are also in favor of maintaining existing close ties with the United States. While EDA does not now publicly advocate immediate withdrawal from NATO, the party is under the direct control of the exiled Communist party of Greece and would follow a pro-Soviet policy if it ever achieved power.

As there is little likelihood that the EDA will win a majority of parliamentary seats in the forthcoming election, the only danger for US security interests appears to lie in possible future instability of the government if Karamanlis fails to win an absolute majority of seats--or at least enough seats to form a government without entering a coalition. Karamanlis and his predecessor have enjoyed absolute majorities since 1952. Should an unstable coalition result from this election, Communist-front EDA could, with relatively few members in the Chamber of Deputies, exercise disproportionate power over future government decisions.

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